GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:50
ANSWERED ON:24.11.2014
AVIATION TURBINE FUEL
Saraswati Shri Sumedhanand

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether there has been a huge decline in the price of Aviation Turbine Fuel (ATF) in the international market recently;

(b) if so, whether the Government has asked the private airlines operating in the country to reduce the air fares in view of decline in fuel cost;

(c) if so, the details thereof along with the time by which a final decision is likely to be taken in this regard; and

(d) if not, the steps taken or being taken by the Government to impress upon the private airlines to reduce the airfares being charged by them?

Answer

Minister of State in the Ministry of CIVIL AVIATION (Dr. Mahesh Sharma)

(a) & (b) The prices of Aviation Turbine Fuel (ATF) in the international markets are reported to have reduced by 20%. Airlines have represented that the main three Oil Marketing Public Sector Companies (OMCs) have not reduced the ATF prices in proportion to the decrease of prices in international market.

Air fares are, however, established by the airlines under the provision of Sub Rule (1) of Rule 135 of Aircraft Rules 1937, considering all relevant factors, including the cost of operation, characteristics of service, reasonable profit and the generally prevailing tariff. The airfares so established are required to be displayed under the provisions of Sub Rule (2) of Rule 135 of Aircraft Rules 1937. Airline remains compliant to the regulatory provisions of Rule 135 as long as the fare charged by them does not exceed the fare established and displayed on their website.

(c) Question does not arise.

(d) Airfares are not regulated by the Government and airlines are free to fix reasonable charges/fee subject to compliance with rule 135 of Aircraft Rules 1937. The prices are fixed by airlines keeping in mind the market demand, seasonality and other market forces.